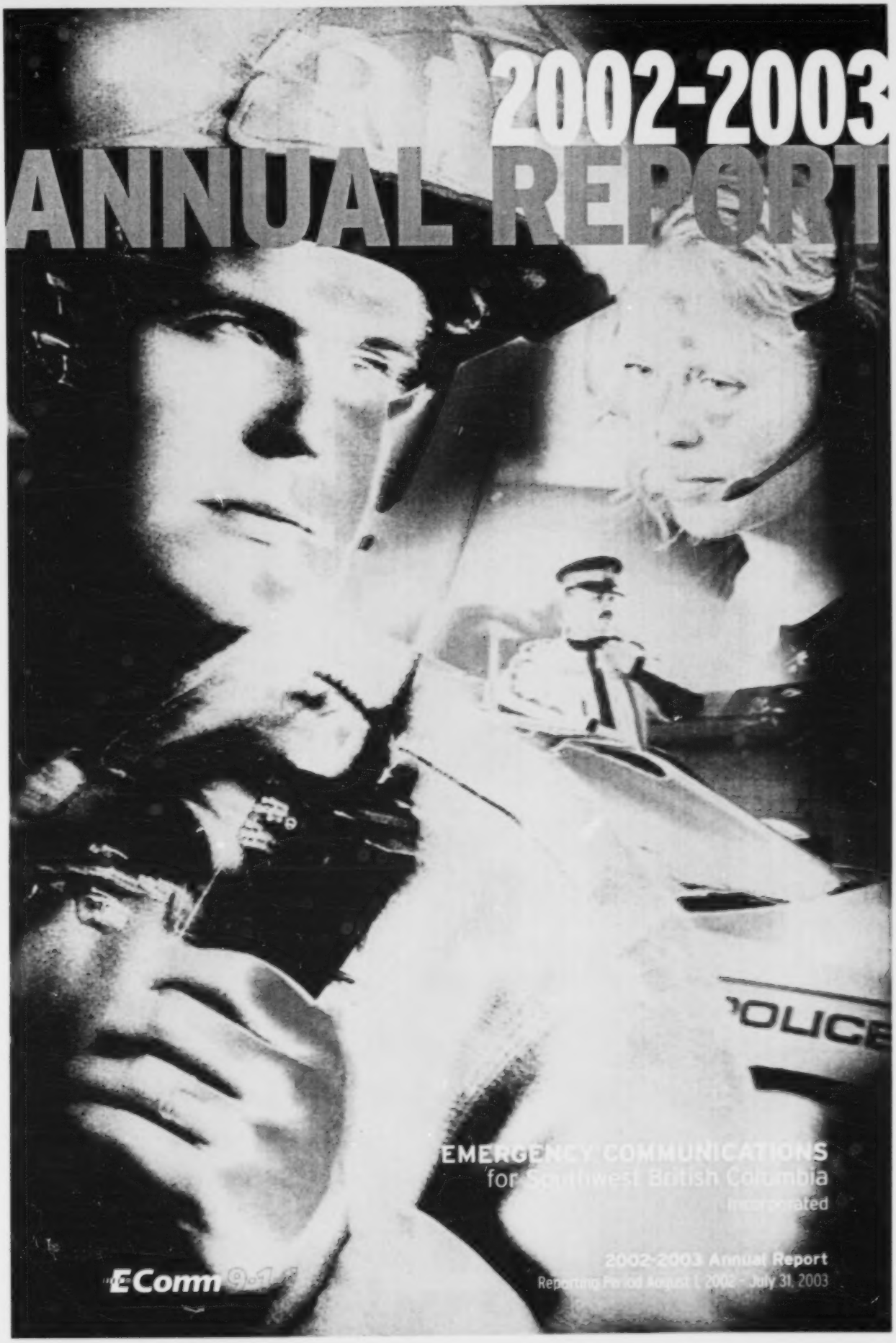
2002-2003 ANNUAL REPORT



EMERGENCY COMMUNICATIONS
for Southwest British Columbia
Incorporated

2002-2003 Annual Report
Reporting Period August 1, 2002 - July 31, 2003

E Comm 9-1-1

E-Comm 9-1-1

VISION STATEMENT

E-Comm is a global leader in integrated emergency communications. Together with our partners, E-Comm is a vital link in saving lives and protecting property through excellence in people and technology.

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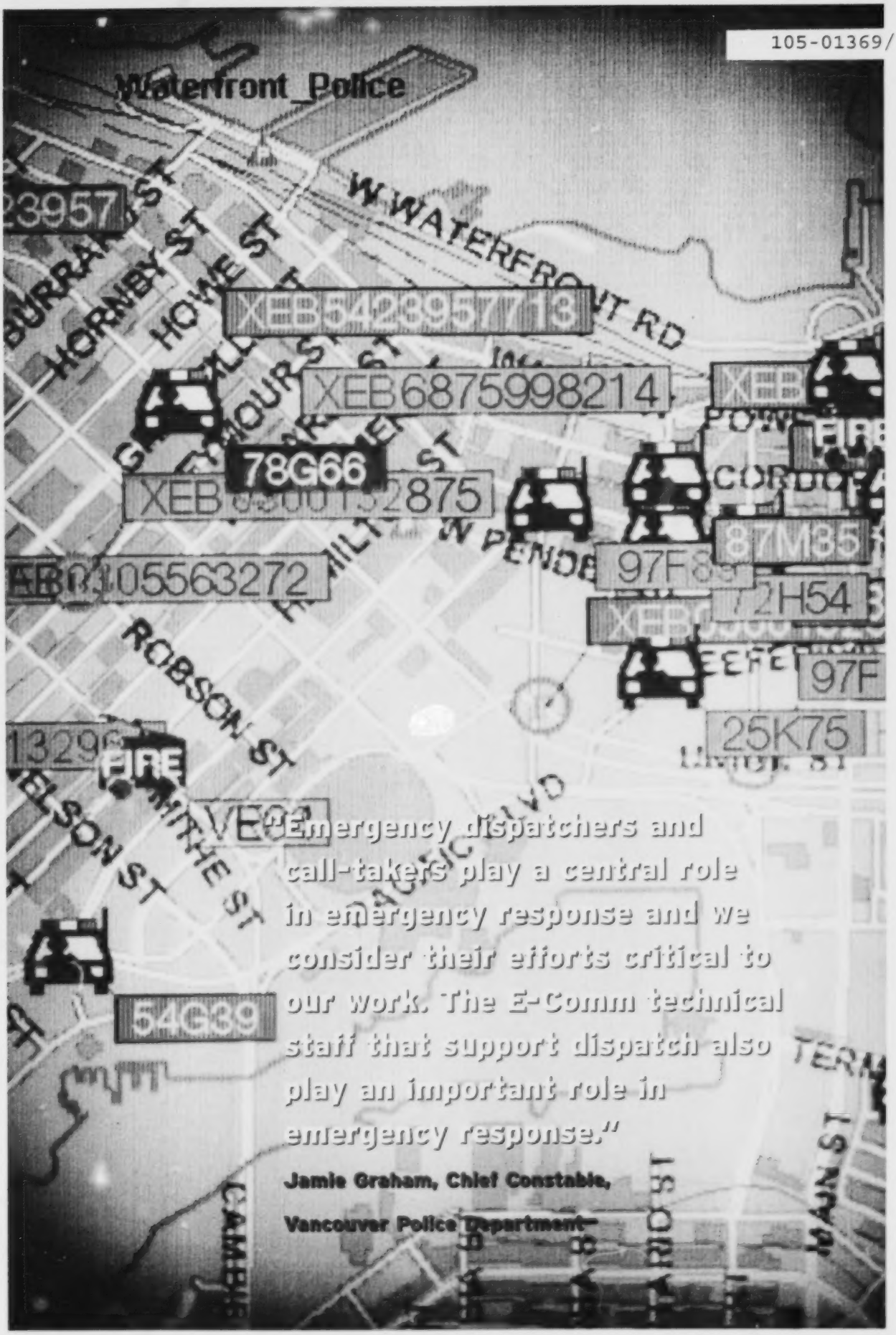


"Emergency dispatchers and call-takers play a central role in emergency response and we consider their efforts critical to our work. The E-Comm technical staff that support dispatch also play an important role in emergency response."

Jamie Graham, Chief Constable,

Vancouver Police Department

GOVERNANCE

2002 - 2003 Board of Directors

Don Evans
Chair and Independent Director

Gary Briggs
Representing the RCMP
Chair of the Governance Committee

Dan Cunningham
Emergency Health Services Commission
(BC Ambulance Service)

Len Garis
Surrey, White Rock, Delta,
Township of Langley

Lois Jackson
Delta, Surrey, White Rock,
Township of Langley

Jon Harris
Maple Ridge, Pitt Meadows
Chair of the Human Resources &
Compensation Committee

Tony Heemskerk
Ministry of Public Safety and Solicitor General

David Korbin
Independent Director
Chair of the Audit Committee

Kiichi Kumagai
City of Richmond

John Lynn
Vancouver Police Board

Patti Marfleet
City of Vancouver

Ross Montgomery
Independent Police Boards (New Westminster,
Port Moody, West Vancouver, Delta)

Barbara Sharp
City and District of North Vancouver,
City of West Vancouver

Joe Trasolini
Port Moody, Coquitlam, Port Coquitlam,
New Westminster, Belcarra

E-Comm Leadership Team

Ken Shymanski
President & CEO

Anne Campbell, CHRP
Director of Human Resources &
Labour Relations

Peter Gauthier
Director of Wireless Services,
Engineering and Operations

Beatrix Henning, CGA
Director of Finance & Administration

Tracey Lee Lorenson, LLB
Director of Strategic Development &
Corporate Counsel, A/Director of Operations

Glen Miller
Director of Information Technology

Jody Robertson
Director of Corporate Communications

Russell Sanderson
General Manager, PRIME Corp

Melanie Toneguzzo
Executive Assistant

CORPORATE OVERVIEW

E-Comm is the emergency communications centre for southwest British Columbia. Through a 9-1-1 call centre, a state-of-the-art radio system and emergency dispatch operations, E-Comm provides communications services and support systems to our region's emergency responders and the more than two million residents they serve. E-Comm is a community-based organization governed under the *Emergency Communications Corporations Act* (1997) and incorporated under the *BC Companies Act*. E-Comm is a privately held corporation with an annual operating budget of $36 million. As a cost-recovery model, E-Comm is not designed to make a profit, rather any net surplus is credited back to shareholders at the end of the fiscal operating year while any shortfalls are recovered through a special levy assessment in the following year.

E-Comm has 17 Class A shareholders and 30 Class B shareholders. Class A shareholders are investors in E-Comm who are bound by the terms and conditions of the Members' Agreement (*Special Users Agreement* for the RCMP). Class B shareholders are not financially bound to E-Comm until they join the Wide-Area Radio System, however, purchasing a Class B share secures the shareholder future radio system access.

Member agencies are charged for their share of the radio system based on an allocation model that considers such factors as the coverage area (geography) and population of their region, the number of radios required and the amount of radio traffic generated.

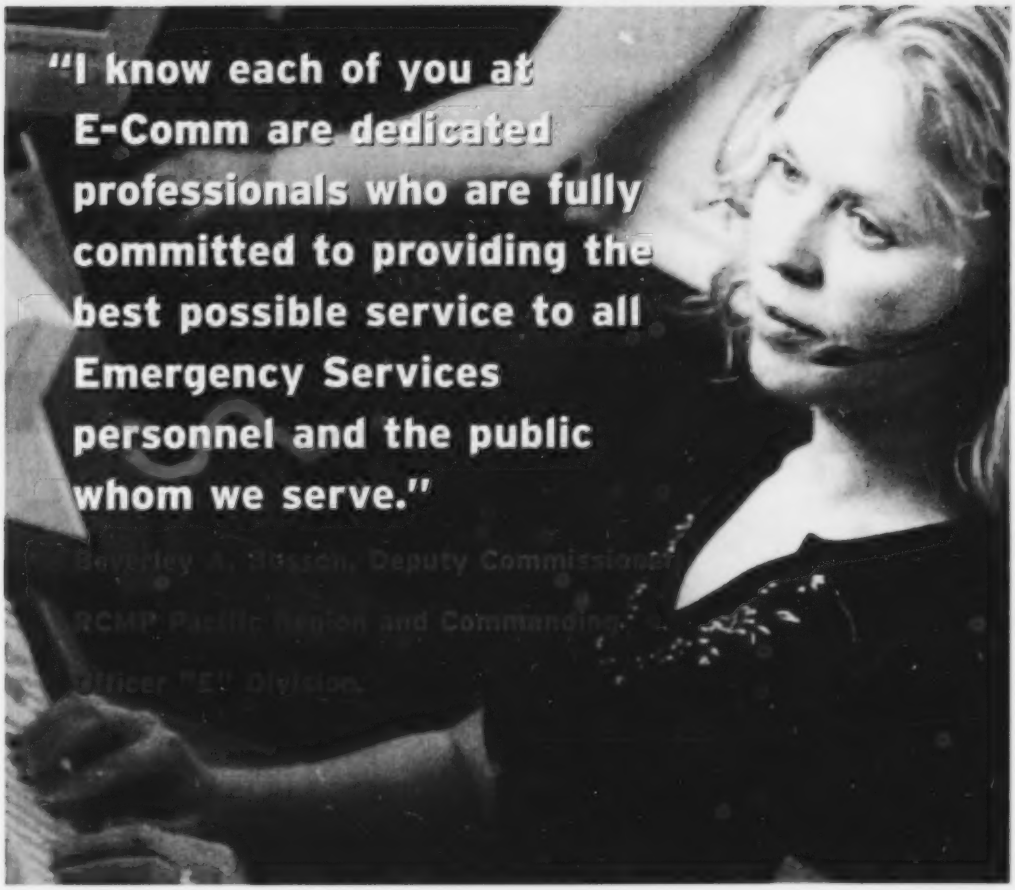
Shareholders that utilize dispatch services are charged based on direct staffing requirements and an allocation for corporate overhead (includes premises expenses, operating costs, maintenance costs and management and support staffing for Information Technology, Finance, Payroll and Human Resources). 9-1-1 service is contracted to E-Comm by the Greater Vancouver Regional District (GVRD), which collects for this service from each participating municipality through property taxes and remits payment to E-Comm (service area extends from the GVRD to the Sunshine Coast Regional District and Whistler).

E-Comm is also the parent company of two subsidiaries, TCM Telecare Management Inc., which operates the provincial government's BC NurseLine and PRIME Corp (Police Records Information Management Environment Corporation), the organization responsible for implementing the PRIME-BC system province wide.

A 15 member Board of Directors provides governance to E-Comm and is responsible for overseeing the financial health of the Corporation, its strategic direction and its operating results. Management is accountable to the Board of Directors for the day-to-day administration of the

E-Comm Governance

Corporation. The members of the Board of Directors, nominated by E-Comm shareholders, provide extensive knowledge and experience to the Corporation through their work on the Board and as members of one of the Board's standing committees (Audit, Human Resources & Compensation and Governance). In addition, E-Comm ensures that it meets its customers' needs through User and Service committees comprised of representatives from police, fire and ambulance.


"I know each of you at E-Comm are dedicated professionals who are fully committed to providing the best possible service to all Emergency Services personnel and the public whom we serve."

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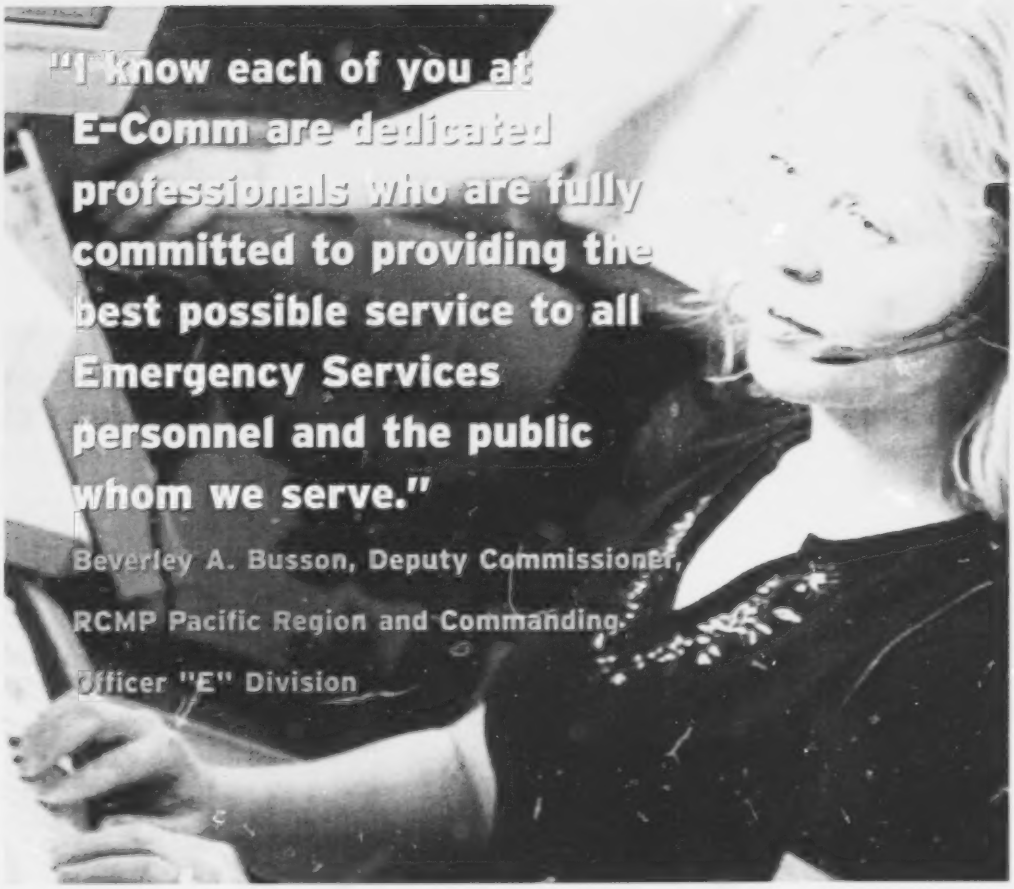

"I know each of you at E-Comm are dedicated professionals who are fully committed to providing the best possible service to all Emergency Services personnel and the public whom we serve."
Beverley A. Busson, Deputy Commissioner, RCMP Pacific Region and Commanding Officer "E" Division

DON EVANS Chair of the Board of Directors

HELPING TO SAVE LIVES AND PROTECT PROPERTY

More than just words, the above phrase serves as an important reminder of the magnitude of E-Comm's purpose and why we continue to focus all energies on delivering on our corporate strategies.

Since E-Comm's inception, the Board of Directors has been guiding the development and management of E-Comm. The Corporation has earned a solid reputation for its world-class radio system, exemplary emergency dispatch operations and highly reliable 9-1-1 structure. And while there is no question there have been tremendous advancements over the past four years, we recognize the journey to ensure E-Comm is a high-performance company is far from over.

We have measured our success and learned more about the challenges we face through several processes this year, including customer, employee and public satisfaction surveys. The data collected uniquely positions E-Comm to work with all stakeholders to ensure high levels of service and satisfaction. We understand that customer and employee approval of the Corporation are critical to our success and we promise to work with both to ensure a strong future.

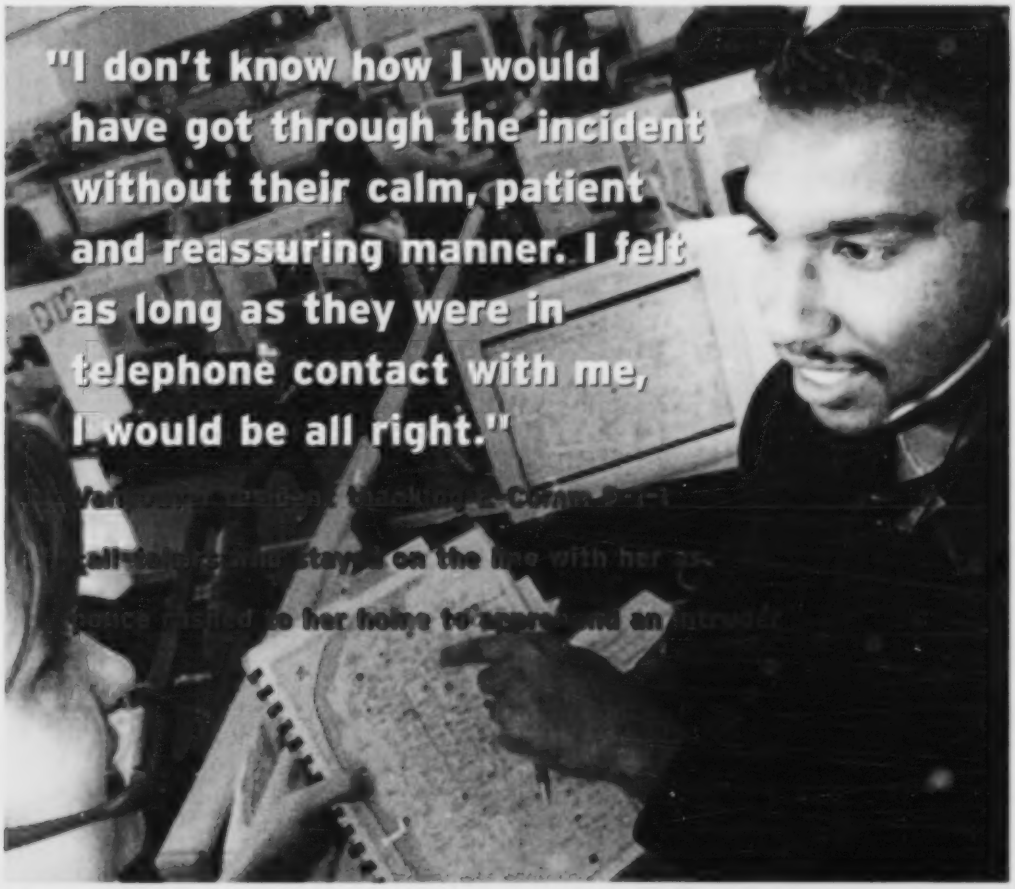
On behalf of the Board of Directors I would like to welcome both the City of Surrey which has purchased two Class A shares for its police and fire services and the City of White Rock, which has purchased a Class A share for its fire department (to add to its existing Class A Share for police) to E-Comm. Both fire services will transition to the radio system in the next six months. I am also delighted to report that the Corporation of Delta has also announced it will purchase a Class A share for both its police and fire services and will transition both to the E-Comm radio system in the next reporting year. E-Comm is committed to working to ensure the police and fire departments in these areas enjoy all the benefits of E-Comm's shared radio system and receive exceptional customer service in the process.

E-Comm has taken a leadership role on several other operational fronts this reporting year including the implementation of the Altaris® Computer-Aided Dispatch System for a number of our partner agencies and the ongoing development of the Police Records Information Management Environment (PRIME-BC), including the establishment of PRIME Corp, an E-Comm subsidiary formed to implement the PRIME system throughout British Columbia.

Our success this reporting year is attributable in part to the support of our Board of Directors who consistently provide valuable business insight and extensive knowledge of the regions and organizations they represent. On that note, I would like to take this opportunity to formally welcome those who joined the Board of Directors this reporting year: Councillor Kiichi Kumagai (City of Richmond), John Lynn (Vancouver Police Board), Patti Marfleet (City of Vancouver) and Ross Montgomery (Independent Police Boards). I would also like to acknowledge the contribution of departing Board members Philip Owen, Vern Campbell, Scott Young, Helen Sparkes, Lori Wanamaker and George Duncan. Thank you for your support and assistance.

When this annual report is tabled at the 2003 Annual General Meeting, my term as Chair of the Board will come to an end and my colleague David Korbin, who has been an independent director on the E-Comm Board for two years will assume the position of Chair. I will remain on the Board as an independent director for one more year in order to ensure a smooth transition of the Chair's responsibilities to David who I know will continue to move the Corporation forward. My belief in consolidated emergency communications has not wavered since I became involved with the E-Comm project five years ago. Our region, its emergency responders and the public are better served because we now share resources, communicate better and respond faster.

It has been exciting and personally rewarding to have been a part of seeing E-Comm through its start-up phase and into full operations. E-Comm delivers communications systems that truly do help save lives and protect property and I continue to be proud to be associated with such an important purpose.


"I don't know how I would have got through the incident without their calm, patient and reassuring manner. I felt as long as they were in telephone contact with me, I would be all right."

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Vancouver resident thanking E-Comm 9-1-1 call-takers who stayed on the line with her as police rushed to her home to apprehend an intruder

KEN SHYMANSKI President & CEO

2002-2003 has been a year of working hard to clarify our customers' and employees' needs while focusing on operational excellence and efficiency. We have worked to bring increased clarity to our business with emphasis on performance measurement, business management and project implementation.

Together with our partners, we are building an integrated communications system that protects us in a variety of day-to-day emergency scenarios and will protect us in crisis situations of a larger magnitude such as an earthquake or threat to our collective security. Given the growing number of requests for presentations and tours we receive each year by local, provincial, national and international organizations, it is clear that E-Comm's unique business model and emergency communication systems are of great interest both in and outside of the public safety sector.

Some of the highlights of this reporting year include the transitions of the Port Moody and Vancouver Police Departments to the new Altaris® Computer-Aided Dispatch (CAD) system and the transition of the Richmond RCMP's Operational Communications Centre to E-Comm. We continue to give our full attention to resolving the remaining technological and operational issues generally associated with major changeovers such as these and certainly appreciate the ongoing support of our agencies and staff in this regard.

The British Columbia Ambulance Service (BCAS) and E-Comm reached a major milestone in June 2003 when the BCAS transitioned to the new CAD at its Vancouver dispatch centre, thereby retiring the old paper and pencil dispatch system for good. The transition went very smoothly due to the excellent project management skills and dedication of both BCAS and E-Comm staff.

E-Comm is extremely pleased that the Corporation of Delta has chosen to transition both its police and fire departments onto the E-Comm radio system and that the Surrey and White Rock Fire Departments will do the same. This will further increase interoperability and communication capabilities among police and fire agencies within the Greater Vancouver Regional District, increasing public safety for us all.

We continue with efforts to connect with potential new E-Comm members/customers that have expressed interest in dispatch operations and the Wide-Area Radio System. Recognizing that securing new customers is of paramount importance to our shareholders and future, we will continue to make this a prime focus for 2003 and beyond.

The BC NurseLine, one part of the provincial government's BC Healthguide Program, is operated by E-Comm and has grown considerably since its April 2001 GO LIVE. The NurseLine is a 24-hour, seven-day-a-week, toll-free telephone service staffed by specially trained registered nurses who use state-of-the-art, medically approved protocols to provide triage, health information and referrals to callers. The BC NurseLine has helped more than 280,000 callers by providing easy access to health information. As a result of information given to callers, significant pressure has been eased on health services.

As a measure of accountability, a "balanced scorecard" was developed in 2002 to measure our success and to provide data for those areas for which development is required. The four quadrants of measurement are employee, financial, internal processes and customer/shareholder satisfaction. We are reporting quarterly to the User Committee and our Board of Directors on our results and we are certain this initiative, coupled with other operational strategies, will help us to continue to affect positive change and continued growth.

E-Comm is a unique organization that continues to grow and to make an important contribution to the safety of the communities where our shareholders, customers and employees live and work, and we are committed to continuing to deliver on that.

The ability of the staff of E-Comm and our partner agencies to rise to the unique challenges that integrated emergency communications presents, certainly fuels our enthusiasm and optimism for the future.

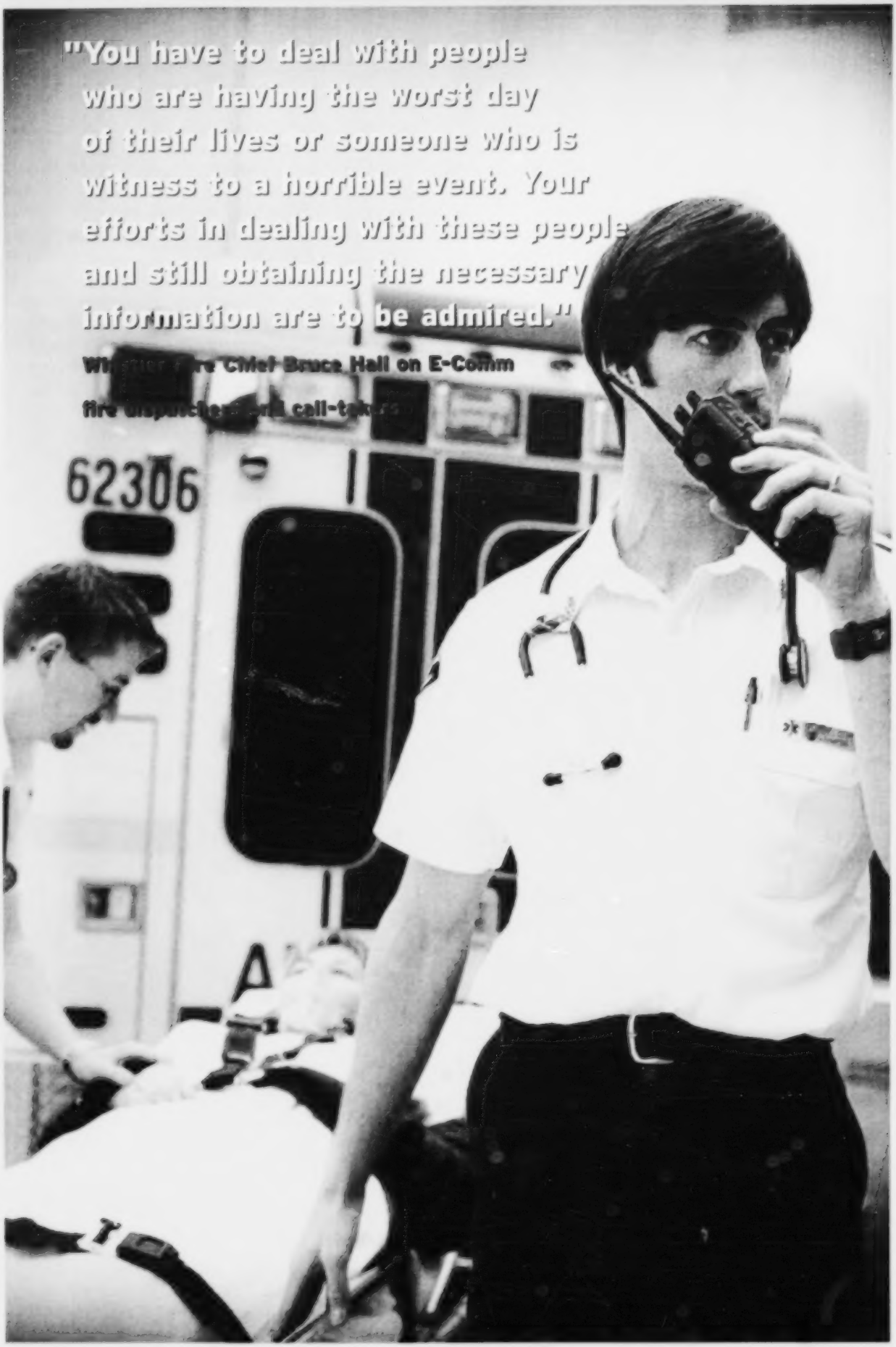
Building an exceptional workplace for E-Comm staff and providing superior customer service are key priorities. As such, we are focussed on increased personnel training and improved labour relations. Our Human Resources department has been busy developing the policies and procedures needed to effectively manage such a dynamic organization. This includes streamlining hiring procedures including the establishment of behavioural based interviewing methods and a new computerized testing system for Communications Operator positions. The new system for testing lessens the impact of the high cost and often-lengthy timelines associated with recruitment. A region-wide shortage of well-trained emergency dispatchers remains an issue for all emergency communications centres and E-Comm is no exception.

In 2002 E-Comm conducted its first annual employee survey and followed up with a second survey in 2003. The information collected reinforces E-Comm's commitment to include employee satisfaction as a key performance indicator and an operational necessity. E-Comm recorded advances in more than 25 areas addressed by the survey, but there is complete understanding that more work is required in order to make a positive impact on employee culture.

E-Comm is poised to make significant operational advances due, in large part, to the dedication of our workforce. Staff in all areas of the Corporation continue to receive commendations from partner agencies, customers and the public—a testament to the high calibre of talent that exists at E-Comm.

"You have to deal with people who are having the worst day of their lives or someone who is witness to a horrible event. Your efforts in dealing with these people and still obtaining the necessary information are to be admired."

Whistler Fire Chief Bruce Hall on E-Comm fire dispatchers and call-takers


"You have to deal with people who are having the worst day of their lives or someone who is witness to a horrible event. Your efforts in dealing with these people and still obtaining the necessary information are to be admired."
62306

The concept of consolidation has many advantages for both emergency response agencies and the public. Integrating communications services results in a faster and more efficient distribution of information which is critical to emergency response. With consolidation, the cost of 9-1-1, and the emergency radio infrastructure and Computer-Aided Dispatch systems, are shared between many, removing the need for municipalities to have their own separate systems. A shared system also provides the ability to develop solid back-up systems and supports the day-to-day and long-term costs of maintaining a post-disaster facility.

The safety and security of emergency responders and the public are E-Comm's primary concerns and we are working to advance both of these objectives. Our goal is to enhance the quality of life in the communities we serve by providing the best emergency communications systems possible.

9-1-1

The E-Comm 9-1-1 system is a highly reliable and proven life-saving operation that responds to more than 1.2 million calls for help each year. That translates into more than 3,200 calls per day. E-Comm's 9-1-1 and dispatch staff are highly trained individuals who are supported by expert systems

9-1-1 Stats for 2002/2003

2002		2003	
Jan	93,460	Jan	99,642
Feb	84,550	Feb	88,258
Mar	96,173	March	94,296
Apr	92,980	April	98,057
May	98,595	May	106,274
June	103,850	June	113,805
July	108,932	July	117,671
Aug	110,965		
Sept	101,423		
Oct	105,905		
Nov	99,853		
Dec	104,244		
Total	**1,200,930**		

Year JAN 01-DEC 31	Total 9-1-1 Calls	Difference From last Year	Percent Difference From last Year	Average per Day
1990	801,494	n/a	n/a	2,196
1991	806,494	5,000	0.62	2,208
1992	867,224	60,730	7.00	2,370
1993	889,029	21,805	2.45	2,436
1994	913,962	24,933	2.73	2,504
1995	968,308	54,346	5.61	2,653
1996	1,004,826	36,518	3.63	2,745
1997	1,013,015	8,189	0.81	2,775
1998	1,017,821	4,806	0.47	2,789
1999	1,064,827	47,006	4.41	2,917
2000	1,231,589	166,762	13.54	3,365
2001	1,263,475	31,886	2.52	3,452
2002	1,200,930	-62,545	-5.21	3,281

staff who are ready to get you the help you need, when you need it.

In 2002, calls to 9-1-1 topped 1.2 million and in the first seven months of 2003 there are no signs that the volume of calls will lessen (total calls from January to July 2003 reached 718,003). To ensure E-Comm meets the demands for service, recruitment, retention and training will continue to be key priorities for 2003 and beyond.

A number of initiatives were undertaken in 2002 in response to providing enhanced service. We increased the number of staff required to handle the ongoing increase in call volume and we remodeled shift patterns to better manage peak call periods. E-Comm maintained a zero downtime performance for 9-1-1 in 2002 and has achieved the same in the latter half of this reporting year, the first seven months of 2003. We are confident we will maintain the same result in the future.

The ability of 9-1-1 to continue to perform at optimum potential is impacted by a number of variables including an unprecedented increase in the number of calls to 9-1-1 from cellular phones (E-Comm estimates that 50% of its calls are from cell phones). 9-1-1 networks and support systems must evolve with the growing demands for service if they are to meet the public's expectation that 9-1-1 be accessible in all circumstances.

As such, E-Comm is currently working with the GVRD with regard to assuming full responsibility for the day-to-day operation and management of 9-1-1 (at present the municipalities contract with the GVRD, which in turn contracts with E-Comm for service). We believe the proposed changes will further enhance the 9-1-1 system within the GVRD and SCRD.

YEAR IN REVIEW August 1 2002 to July 31, 2003

August 2002
- Port Moody Police transition to Altaris CAD (remote dispatch)
- E-Comm Wireless division assumes responsibility for Wide-Area Radio maintenance

September 2002
- 2002-2003 Board of Directors announced

October 2002
- In-house training for Altaris® CAD begins (VPD)

November 2002
- First annual customer survey distributed

December 2002
- Vancouver Police Transition to Altaris CAD
- New employee Intranet site launched

EMERGENCY DISPATCH

A number of significant advances have been realized within emergency dispatch this reporting year including three "GO LIVES" on the Altaris® Computer-Aided Dispatch (CAD) platform. In August 2002, the Port Moody Police Department became the first police agency in British Columbia to transition to the CAD, using the system remotely from its own dispatch centre. In December, the Vancouver Police followed suit when the department transitioned to the system at its dispatch pod at E-Comm. Since both GO LIVES operational issues have been identified and work continues to resolve these matters to ensure dispatchers and emergency responders are supported by the best technology available.

In June 2003, the BC Ambulance Service also went live on the CAD system from its Emergency Medical Dispatch (EMD) Centre in Vancouver. This GO LIVE marked the launch of the largest Police, Fire and Ambulance (PFA) CAD System in Canada, and one of the few large PFA systems in North America. An historic Memorandum of Understanding (MOU) was also signed between the BC Ambulance Service and police and fire agencies in southwest B.C. prior to the transition. The MOU provides these agencies with the framework needed for sharing information.

Also in 2003, E-Comm began testing of Release 2 of Altaris®, which marks the final deliverables in the original contract. This includes features such as mobile workstations for the Fire Departments, Automatic Vehicle Location (AVL), Automatic Vehicle Route Recommendation and other mapping functions. We anticipate that testing will be completed and the contract closed in November 2003.

In January, the Richmond RCMP moved its Operational Communications Centre (OCC) to E-Comm and the transition was deemed a success. The first 9-1-1 call for Richmond was at 0910hrs January 15, 2003. E-Comm became fully responsible for all levels of calls for service for Richmond RCMP with the move of the Report Call Taking function from Richmond Detachment to E-Comm June 24.

Work continues with Richmond Fire-Rescue regarding its move to E-Comm and meetings have begun with Delta Fire regarding moving its dispatch to E-Comm, a function currently provided by Delta Police. The time frame for this transition has not been determined.

E-Comm has celebrated its first full year of providing dispatch service to eight fire departments located throughout southwest British Columbia and the first anniversary of dispatching for the Ridge Meadows RCMP (all were transitioned to E-Comm in July 2002).

E-Comm is actively pursuing the establishment of a second operating centre. A second location is required in order to provide enhanced back up for all systems including 9-1-1 and dispatch. The second operating centre would run in tandem to E-Comm by splitting the 9-1-1 call load between the two centres, meaning when there is a sudden burst of calls hitting one centre, the other will automatically pick up the overflow, minimizing the need for some callers to receive a recorded announcement directing them to remain on the line until an operator is available.

YEAR IN REVIEW continued

- Enhanced Employee Wellness Program Launched

January 2003

- Richmond RCMP dispatch transitions to E-Comm
- New Radio Channels added
- OPS and ADMIN network infrastructures upgraded to the most recent releases of hardware and software.

February 2003

- E-Comm receives special award from RCMP for contribution to public safety
- Bait Car program launch (partnership with VPD & ICBC)

March 2003

- International Olympic Committee evaluation commission visits E-Comm (only non-sport venue to be visited)

Dispatch operations for other emergency agencies would also be located at the second centre. While provisions currently exist for back up, it has always been part of the E-Comm vision to operate a second centre to provide optimum service to responders and the public. A detailed business plan has been developed and is currently being reviewed and discussed by a number of stakeholders.

Current Dispatch Customers

Police

Bowen Island RCMP
Lower Mainland RCMP Traffic Services
(Freeway Patrol)
Richmond RCMP
Ridge Meadows RCMP
Sunshine Coast RCMP
UBC RCMP
Vancouver Police Department
Whistler RCMP
(including Pemberton and Tribal Police)

Fire

Gibsons and District Volunteer Fire Department
Halfmoon Bay Fire Department
Pender Harbour Fire Department
Port Moody Fire-Rescue
Roberts Creek Volunteer Fire Department
Sechelt Volunteer Fire Department
Vancouver Fire & Rescue Services
Whistler/Garibaldi Fire Department

INFORMATION TECHNOLOGY

E-Comm continues to take a leadership role in the development of technology systems that support emergency response. With the pilot phase of the PRIME-BC (Police Records Information Management Environment) project now complete, the provincial government has selected PRIME Corp, an E-Comm subsidiary, to rollout the PRIME-BC system province wide, making B.C. the first jurisdiction in the country to adopt a provincial, online police records management system. The PRIME-BC system, including the regional database search capabilities of the Law Enforcement Information Portal (LEIP), serves as a model throughout the world as police agencies improve efficiencies by moving away from a paper-heavy reporting process to electronic records management systems. With

YEAR IN REVIEW continued

- E-Comm radio system credited with major assistance in apprehending New Westminster police shooting suspect

April 2003

- E-Comm secures provincial government proclamation for Emergency Dispatchers' Week
- World Police & Fire Games awarded to British Columbia, E-Comm highlighted in Bid book and during evaluation visit

May 2003

- 2nd annual employee survey held
- Delta announces it will purchase Class A shares for both Police & Fire

PRIME-BC, officers utilize laptop computers and can now enter reports while on the road, at a crime scene or while working in a local community policing office. The reports are transmitted into the PRIME system making the reports and information available to all agencies that use PRIME-BC. The project plan calls for delivery of PRIME-BC to all police agencies in B.C. within four years.

The Information Technology department also upgraded the entire Operations and Administrative network infrastructures to the most recent releases of hardware and software this reporting year. As a result of this upgrade, E-Comm will be better able to maintain the reliability of the network over the next several years.

YEAR IN REVIEW continued

June 2003

- BC Ambulance Service transitions to Altaris® CAD
- Surrey announces purchase of two Class A shares (Police & Fire)
- White Rock announces purchase of Class A share for Fire
- E-Comm celebrates 4th anniversary
- Richmond Report Call Taking Function moves to E-Comm

July 2003

- E-Comm celebrates first anniversary of Fire Dispatch
- E-Comm celebrates first anniversary of dispatch for Ridge Meadows RCMP

E-Comm's Wide-Area Radio System

Surrey and White Rock Fire Departments, Delta Police and Fire Departments to join radio system next reporting year.

WIRELESS TECHNOLOGY

The E-Comm radio system is a shared communications network used throughout the GVRD by police, fire and ambulance personnel. An integrated emergency communications system is critical to public safety and completely necessary for responding to day-to-day emergencies and in the event of a major disaster. Interoperability is the foundation on which the Wide-Area Radio System is built, allowing our emergency agencies to communicate directly with each other in any situation. On a daily basis a shared radio system permits emergency responders to work together, whether in a police pursuit that crosses municipal boundaries or a building collapse that requires additional resources and equipment from neighbouring jurisdictions. The Mutual-Aid capabilities already established with the E-Comm system supports immediate coordinated response to catastrophic incidents and large-scale events such as the Celebration of Light in Vancouver. The E-Comm radio system is considered one of the leading shared radio systems in the world.

In June 2003, the Cities of Surrey and White Rock voted in favour of purchasing Class A shares. Once both fire agencies are transitioned onto the radio system, firefighters will be able to communicate directly with both the Surrey and White Rock RCMP detachments, which have been using the E-Comm radio system for some time. The goal is to have both fire departments on the Wide-Area Radio system by late 2003 or early 2004.

The Corporation of Delta also voted in favour (May 2003) of transitioning both its police and fire departments to the E-Comm radio system, further adding to the power of shared communications within the GVRD. It is also the goal to have these transitions complete by the end of 2003 or early 2004.

E-Comm has conducted feasibility studies and preliminary planning for Phases Two and Three of the Wide-Area Radio System. The focus of these studies is to investigate the potential

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The Corporation of Delta also voted in favour (May 2003) of transitioning both its police and fire departments to the E-Comm radio system, further adding to the power of shared communications within the GVRD. It is also the goal to have these transitions complete by the end of 2003 or early 2004.

E-Comm has conducted feasibility studies and preliminary planning for Phases Two and Three of the Wide-Area Radio System. The focus of these studies is to investigate the potential

expansion of the system to Abbotsford and Mission. E-Comm has held discussions with both Mission and Abbotsford with regard to joining the E-Comm radio system and will continue to work with both on this possibility. E-Comm has also held discussions with the 2010 Olympic Bid Committee on the possibility of expanding the 800 MHz system along the Whistler Corridor to provide radio communications for security and public safety during the 2010 Winter Olympic Games.

In the fall of 2002, E-Comm obtained 13 new radio frequencies from Industry Canada, which improved the grade of service in Langley, Surrey, White Rock and Coquitlam. The addition of these new frequencies allowed us to begin transitioning the Federal RCMP onto the radio system.

E-Comm's in-house maintenance program, launched in August 2002, is proceeding well. We have completed a number of system upgrades without major incident and have responded to system issues in a timely and efficient manner. E-Comm continues to work with the radio vendor regarding service enhancements.

The number of radios in use in 2003 has increased to 4,646 from 3,481 in 2002 (33.5% increase).

Radio Traffic	Transmissions
April 2002	5,397,572
April 2003	6,323,549

Performance Measurement

Moving forward, E-Comm is ready to meet the challenges of consolidating emergency communications and has developed a strategic plan to help guide advancements and to ensure we are operating effectively and are valued by our customers. The strategic plan describes how the Corporation will pursue its vision and implement its mission and provides the foundation for its goals and objectives.

A SNAPSHOT OF E-COMM'S STRATEGIC PLAN

OUR MISSION

Provide exceptional emergency communications for the safety of southwest British Columbia.

OUR STRATEGY

Build an outstanding workplace for E-Comm staff by providing them with the tools and resources they need to keep the public and emergency personnel safe and; ensure our customers receive the highest calibre of service at a competitive price.

Strategic Development

Advance our reputation as a leader in public safety communications and as an innovative business that utilizes management practices that promote effectiveness and efficiency and contribute to a strong corporate culture.

- Review, evaluate and consistently re-visit all E-Comm operations to ensure they support our corporate vision, mission, strategies and goals.
- Develop business plans for enhancing and improving all current E-Comm services and functions
- Build and put into action, strategies for securing new business
- Build on our role as a developer of best practices in shared emergency communication
- Establish partnerships and systems that support our services
- Offer the best service at competitive prices

9-1-1/Dispatch Operations

E-Comm will continue to enhance service to 9-1-1 callers and the emergency agencies that use our dispatch systems, and will continue to implement consolidated dispatch throughout southwest B.C.

- Expand call-taking and dispatch service levels and standards
- Exceed our mandate of answering 95% of 9-1-1 calls on the first ring
- Improve tracking systems and data collection
- Transition more emergency agencies into E-Comm dispatch

Information Technology

E-Comm will provide superior multi-jurisdictional 9-1-1, Computer-Aided Dispatch and Records Management Systems that meet the needs of our customers.

- Implement a Computer-Aided dispatch system that improves communication between emergency dispatchers and emergency responders
- Find innovative technical solutions that advance our business

Wireless Technology

E-Comm will continue to be a recognized as a leader in providing an expanding voice and data wide-area wireless network (operating at public safety service levels) that meets the needs of our customers.

- Transition all Phase One core agencies onto radio system (GVRD)
- Implement Phase Two and Three wireless solution (Sunshine Coast-Hope to Boston Bar)

Finance and Administration

E-Comm is recognized as financially sound, cost effective, accountable, and an excellent investment.

- Enhance finance practices and processes
- Establish financing arrangements for E-Comm's long-term needs as defined in the strategic plan

Human Resources and Labour Relations

E-Comm's foundation will be based on sound human resources practices and recognized by its employees as an excellent employer and a great place to work.

- Recruit and retain exceptional employees
- Increase employee job satisfaction
- Implement Performance Management Programs that support employees
- Implement Training Development Programs that support employees
- Develop and build strong labour relations

Corporate Communications

E-Comm will be recognized by its employees as an organization with valuable, open, honest and timely corporate communication.

- Develop and implement internal communications program that supports employees' work and fosters a sense of pride and partnership
- External communication reinforces public confidence and awareness of the corporation as a consistent, reliable and superior public safety service

Evaluation

- Conduct ongoing research program to measure and evaluate employee and customer satisfaction

To ensure our strategies meet the expectations of our Board of Directors, our staff, customers and partners; each division of E-Comm prepares an operational plan that contain actions that support our strategic direction. We review these plans annually to ensure they are meeting the needs of our stakeholders.

Customer satisfaction and employee surveys provide benchmark data for which we can measure our success. We will utilize key performance indicators.

FINANCE AND ADMINISTRATION

The financial statements in this annual report represent the reporting period Jan 1, 2002-December 31, 2002.

E-Comm officially ended its start-up phase as of April 1, 2002, meaning that for financial purposes the Corporation is considered fully operational (with the exception of CAD which remained in start-up until June 30, 2003). In previous years, all expenditures were capitalized as start-up (deferred development costs).

E-Comm is structured to borrow 100% of the funds required to operate the regional emergency communications system. The funding concept was, and remains today, that E-Comm will carry the debt obligation on behalf of participating municipalities. Therefore, E-Comm's debt will never be eliminated because as E-Comm pays down its original borrowings the organization will incur new debt for the replacement of assets (life cycle/ever greening of systems and infrastructure). The E-Comm model is a levy-based cost-recovery model that effectively assumes that levies will go on in perpetuity as will this cycle of borrowing.

E-Comm's 2002 statement of operations covers the nine-month period from April 1, 2002 to December 31, 2002 and portrays an organization that is newly out of start-up (with some areas such as Computer-Aided Dispatch in start-up until June 30, 2003). The revenue streams reflect this reality. The Members' Agreement ensures cost-recovery over the long-term. E-Comm re-visited the amortization rates used for accounting purposes and adjusted some rates to better reflect the estimated useful lifecycles of the related asset. The intention is to achieve a better matching between the financial statements and the levy model wherever possible. Of course, there will be some differences between the levy and financial statement due to the requirements of the model versus Generally Accepted Accounting Principles.

Share Capital July 2003

Ambulance	Fire	Police	Public Works	Fire	Police	
			●	●	●	Corporation of Delta
		●	●	●		Coquitlam
			●	●	●	District of West Vancouver
●						Emergency Health Services
		●	●	●		Maple Ridge
		●	●	●		New Westminster
		●	●	●		North Vancouver City
				●	●	North Vancouver District
		●	●	●		Pitt Meadows
		●	●	●		Port Coquitlam
	●	●	●			Port Moody
	●	●	●			Richmond
	●	●	●			Surrey
			●	●	●	Township of Langley
	●	●	●			Vancouver
			●	●	●	Village of Belcarra
	●	●				White Rock
Class A			Class B			

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management prepares the accompanying financial statements and related information and is responsible for its integrity, completeness and accuracy. The statements were prepared in conformity with Canadian generally accepted accounting principles. We believe that these statements present fairly the Corporation's financial position.

Internal Controls

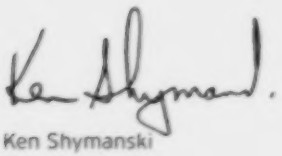
We maintain and rely on a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change.

Independent Auditors

Our independent auditors, KPMG LLP, have audited the financial statements. Their audit was conducted in accordance with generally accepted auditing standards.

The Audit Committee

The Audit Committee, comprised of members of the Board of Directors of Emergency Communications for Southwest British Columbia Incorporated, oversees management's financial reporting responsibilities. The committee meets with management and our external auditors to discuss auditing, financial reporting and internal control matters.



Ken Shymanski
President & CEO

Beatrix Henning, CGA
Director, Finance & Administration

FINANCIAL STATEMENTS Years ended December 31, 2002 and 2001

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheet of E-Comm Emergency Communications for Southwest British Columbia Incorporated as at December 31, 2002 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

Vancouver, Canada
March 21, 2003

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International, a Swiss nonoperating association.

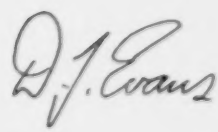
BALANCE SHEETS December 31, 2002 and 2001

	2002	2001 (Restated - note 4)
Assets		
Current assets:		
Cash and cash equivalents	$ 4,175,476	$ 8,266,087
Accounts receivable	3,439,026	6,092,498
Accrued interest receivable	654	7,035
Prepaid expenses	328,677	182,589
	7,943,833	14,548,209
Investment in TCM Telecare Management Inc. (note 5)	1	1
Debt reserve fund (note 6)	1,713,381	1,579,494
Deferred financing costs	1,672,672	1,647,403
Deferred development costs (note 7)	13,387,178	12,417,060
Long-term portion of prepaid land lease	2,373,737	2,398,990
Long-term portion of prepaid expenses	99,602	158,956
Property, plant and equipment (note 8)	118,438,714	107,013,403
	$145,629,118	$139,763,516
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,043,485	$ 8,416,148
Accrued interest payable	1,850,217	1,874,920
Current portion, long-term debt	18,629,881	9,941,000
	25,523,583	20,232,068
Deferred revenue (note 9)	2,477,601	1,575,988
Long-term debt (note 10)	123,009,119	117,955,000
Shareholders' equity:		
Share capital (note 11)	470	460
Deficiency	(5,381,655)	-
	(5,381,185)	460
	$145,629,118	$139,763,516

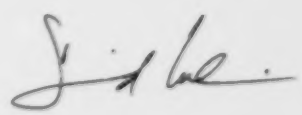
Commitments (note 13)
Contingencies (note 14)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

STATEMENT OF OPERATIONS Year ended December 31, 2002

Revenue:	
Radio levies	$ 11,486,362
Consolidated dispatch levies	6,317,835
9-1-1 call taking levies	1,762,499
Alarm monitoring fees	51,063
Records management system	528,044
Tenant recoveries	357,224
Miscellaneous revenue	862,679
	21,365,706
Direct operating expenses:	
Salaries and benefits	11,129,901
Maintenance and technology	2,192,794
Premises	725,558
Office supplies and communication	463,297
Employee related	376,420
Professional fees	256,234
Net GST	114,486
Other	219,215
	15,477,905
Other expenses:	
Amortization	6,299,770
Interest expense	4,969,686
Total expenses	26,747,361
Loss for the year, being deficit, end of year	$ 5,381,655

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS Years ended December 31, 2002 and 2001

	2002	2001 (Restated - note 4)
Cash provided by (used in):		
Operations:		
Loss for the year	$ (5,381,655)	$ -
Items not involving cash and included in deferred development costs:		
Amortization	6,299,770	2,655,707
Interest earned on debt reserve fund	(98,472)	(101,866)
Changes in non-cash operating working capital:		
Accounts receivable and accrued interest receivable	2,659,853	(3,161,754)
Prepaid expenses	(61,481)	(187,622)
Deferred development costs	(1,791,197)	(3,083,078)
Accounts payable and accrued liabilities	(3,397,366)	(3,008,603)
Deferred revenue	901,613	316,603
	(868,935)	**(6,570,613)**
Investments:		
Investment in TCM Telecare Management Inc.	-	(1)
Debt reserve fund contribution	(160,000)	-
Debt reserve fund repayment	124,585	110,903
Acquisition and construction of property, plant and equipment	(16,904,002)	(24,470,352)
	(16,939,417)	**(24,359,450)**
Financing:		
Issue of share capital	10	-
Financing costs	(25,269)	-
Increase in long-term debt	23,684,000	-
Repayment of long-term debt	(9,941,000)	(9,445,000)
	13,717,741	**(9,445,000)**
Decrease in cash	(4,090,611)	(40,375,063)
Cash, beginning of year	**8,266,087**	**48,641,150**
Cash, end of year	**$ 4,175,476**	**$ 8,266,087**
Supplementary information:		
Interest paid during the year	**$ 7,388,742**	**$ 7,102,509**

See accompanying notes to financial statements.

1. Operations:

E-Comm Emergency Communications for Southwest British Columbia Incorporated (the "Corporation" or "E-Comm") was incorporated September 22, 1997 under the Company Act (British Columbia). Prior to April 1, 2002, the Corporation was in the development stage. Effective April 1, 2002, the Corporation commenced principal operations. The Corporation continues to develop the PRC Computer Aided Dispatch System ("CAD") which is anticipated to commence operations in mid 2003. Activities to date have included construction of a building to house the Corporation's administration and 9-1-1 call taking and dispatch centre, development of a radio infrastructure, dispatch and police records management software systems and 9-1-1 / call taking / dispatch systems.

The Corporation provides centralized emergency communications, disaster coordination and related public safety and public service to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout southwest British Columbia. Primary services will be provided to shareholder members of the Corporation pursuant to the Members' Agreement, and to the Royal Canadian Mounted Police ("RCMP") pursuant to a Special User Agreement with the Corporation.

The Corporation is exempt from tax under the Income Tax Act.

2. Future operations:

These financial statements are prepared on a going concern basis, which assumes the Corporation will be able to realize assets and discharge liabilities in the normal course of operations. The long-term financial and operating viability of the Corporation is dependent on its ability to secure subscribers to generate revenues adequate to fund continuing operations. The financial statements do not reflect adjustments that may be necessary if the continued use of the going concern assumption were not appropriate.

3. Significant accounting policies:

(a) Basis of presentation:

The Corporation's 100% investment in TCM Telecare Management Inc. ("TCM") is recorded at cost. The accounts of TCM are not consolidated with those of the Corporation as E-Comm does not control TCM's operations.

(b) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cash held in banks and term deposits maturing within ninety days from the date of acquisition, net of bank overdrafts.

(c) Financial instruments:

The carrying values of cash and term deposits, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Other financial instruments of a longer term nature are impacted by changes in market yields which can result in differences between their carrying value and their market value. Management estimates that these differences are not material to the financial statements. Management does not believe there to be a significant credit risk exposure relating to its accounts receivable.

(d) Financing costs:

Financing costs incurred for the issue of debenture debt attributable to the acquisition of capital assets have been deferred and are being amortized over the term of the debt.

(e) Development costs:

Development costs including salaries and other operating costs are being deferred through the pre-operating phase of the Corporation. These costs will be amortized over a 12.5 year period, approximating the period of their recovery, commencing April 1, 2002.

Costs directly relating to components of the Corporation that continue to be in the pre-operating phase are deferred until the pre-operating phase for that component ends. These costs will be amortized over a 10.5 year period, approximating the period of their recovery, commencing from that date.

(f) Prepaid land lease:

The land on which the E-Comm building is located has been leased from the City of Vancouver for a period of 99 years. The prepaid amount is being amortized over the term of the lease.

(g) Property, plant and equipment:

Property, plant and equipment are stated at cost less related government assistance, net of accumulated amortization. Interest costs directly attributable to major projects are capitalized and, at project completion, are amortized over the estimated life of the underlying assets.

Amortization begins when assets are put into use and is provided for on a straight-line basis over the estimated useful lives of assets as follows:

Assets	**Rate**
Building	40.0 years
Building equipment	10.0 years to 25.0 years
Furniture, fixtures and equipment	3.0 years to 10.0 years
Radio	7.5 years to 25.0 years
Computer aided dispatch ("CAD")	10.5 years
Dispatch consoles and voice systems	5.0 years to 12.5 years
Remote dispatch	7.0 years to 10.5 years
Records management system	10.5 years
User equipment	7.5 years to 12.5 years

(h) Related party transactions:

Transactions with related parties are in the normal course of operations, and are recorded at the agreed upon exchange amount. Contractual arrangements and service agreements with related parties are subject to the Corporation's tendering and proposal processes.

(i) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of management estimates relate to the useful lives of capital assets and deferred costs for amortization and impairment of assets.

(j) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

4. Changes in accounting policies:

(a) Amortization:

During 2002, the Corporation changed its policy over depreciation periods for property, plant and equipment to better reflect the useful life of these assets. The changes have been applied retroactively with restatement of prior periods. As a result, the amounts recorded as amortization expense and the balance of deferred development costs in 2002 and 2001 are $1,189,574 and $1,014,033 less, respectively, than under the policy previously in place. The total of the amounts recorded as net book values of property, plant and equipment have been restated as at December 31, 2001 and are $1,014,033 greater than the amounts previously reported.

The Company also changed the period of amortization of deferred development cost from 10 years to 12.5 years. No retroactive restatement was required as operations began April 1, 2002 and no amortization had previously been taken.

(b) Capital lease:

The Corporation has changed its policy over accounting for the lease of a portion of the E-Comm building to the City of Vancouver, BC Building Corporation, Vancouver Port Authority, Fraser River Harbour Commission and the 20 members of the Regional Emergency Coordinations Centre ("RECC"). Previously, these leases were accounted for as operating leases. However, management has determined that substantial risks and rewards of ownership have transferred to the lessees such that capital lease accounting is appropriate.

The effect of this change in accounting policy has been applied retroactively and the financial statements for the year ended December 31, 2001 have been restated to reflect these adjustments.

The impact of the restatements described in (a) and (b) above on the December 31, 2001 financial statements is as follows:

	As previously reported	Retroactive Adjustment	As restated
December 31, 2001:			
Deferred development cost	$ 14,373,599	$ (1,956,539)	$ 12,417,060
Capital assets	114,623,714	(7,610,311)	107,013,403
Deferred revenues	11,142,838	(9,566,850)	1,575,988

5. Investment in TCM Telecare Management Inc.:

In February 2001, E-Comm established a wholly-owned company, TCM Telecare Management Inc. ("TCM"), to provide telephone call centre triage and self-care support services to residents of British Columbia. Known as "BC HealthGuide NurseLine", the initiative is funded, and the operations are controlled by, the Province of British Columbia Ministry of Health under the "BC HealthGuide" program. The service started April 2001 and is staffed by registered nurses on a 24-hour, 365 days per year basis.

6. Debt reserve fund:

E-Comm is required to maintain 1% of the borrowings outstanding through the Municipal Finance Authority of British Columbia ("MFA") in a Debt Reserve Fund administered by the MFA. This amount was paid out of the original debt proceeds and is presented together with interest earned on the reserve fund investments. A demand note in the amount of $7,694,893 (2001 - $8,539,236) is also provided by E-Comm to the MFA.

If at any time, E-Comm does not have sufficient funds to meet payment or contributions due on its obligations, the payments shall be made from the Debt Reserve Fund. The demand note payable by E-Comm is callable only if there are additional requirements to be met to maintain the Debt Reserve Fund

at a specified level. As such, no amount for the demand note has been recorded in the financial statements. The amounts due to E-Comm from the Debt Reserve Fund are repaid to E-Comm when the installments under the respective loan agreements have been made; during the year $124,585 (2001 - $110,903) was received after debt installment payments were made. An additional $160,000 was paid into the Debt Reserve Fund for debt incurred in the current year. Interest earned on the Debt Reserve Fund amounts to $98,472 (2001 - $101,866).

7. Deferred development costs:

The balance of deferred development costs consists of the following cumulative amounts:

	2002	2001 (Restated - note 4)
Radio operating	$ 5,525,643	$ 4,602,536
Dispatch expenses	30,110,109	27,164,724
Finance and administration	16,215,382	14,709,683
Amortization	4,874,645	4,628,775
Interest expense	5,150,043	4,472,789
Dispatch training	523,657	-
Radio operating levies	(18,052,423)	(15,216,808)
Dispatch levies and fees	(27,993,528)	(25,257,728)
Tenant and other recoveries	(2,966,350)	(2,686,911)
	$ 13,387,178	$ 12,417,060

8. Property, plant and equipment:

2002	Cost	Accumulated amortization	Net book value
Building	$ 8,990,204	$ 895,665	$ 8,094,539
Furniture, fixtures and building equipment	4,783,882	1,179,520	3,604,362
Radio	64,274,000	2,557,886	61,716,114
Wireless equipment	469,279	12,515	456,764
Remote dispatch	2,181,560	138,523	2,043,037
Dispatch consoles and voice systems	5,071,238	545,498	4,525,740
CAD	12,032,679	-	12,032,679
Computer Information Integrated Dispatch	55,125	-	55,125
User equipment	26,764,520	4,791,273	21,973,247
Records management system capital	4,590,667	653,560	3,937,107
	$129,213,154	$ 10,774,440	$ 118,438,714

2001 (restated - note 4)	Cost	Accumulated amortization	Net book value
Building	$ 8,833,592	$ 652,562	$ 8,181,030
Furniture, fixtures and equipment	4,457,276	571,048	3,886,228
Radio	57,971,156	-	57,971,156
Remote dispatch	1,513,602	-	1,513,602
Dispatch consoles and voice systems	4,407,847	193,624	4,214,223
CAD	9,783,223	-	9,783,223
User equipment	20,006,689	2,606,343	17,400,346
Records management system capital	4,294,071	230,476	4,063,595
	$111,267,456	$ 4,254,053	$ 107,013,403

Interest capitalized during the year amounts to $1,547,311 (2001 - $3,646,868). Amortization charged in the pre-operating phase is included in deferred development costs.

The radio and remote dispatch assets were put in use on April 1, 2002. The CAD system will be put into full use during 2003.

9. Deferred revenue:

Deferred revenue relates to:

(a) Radio system levies from member agencies that are prepayments of user equipment capital costs. These amounts will be recognized as revenue over the useful lives of the related capital assets; and;

(b) Grants received by the Corporation from senior governments to assist in funding certain development costs of the PRIME records management system ("RMS") - These grants are reflected as deferred revenues and are offset against the cost of the RMS development upon the completion of the system component to which the grants relate. As at December 31, 2002 grants aggregating $117,000 (2001 - $200,000) are deferred pending system completion.

(c) A grant of $84,000 (2001 - nil) was advanced to the corporation from the Vancouver Police for secure ID tokens.

10. Long-term debt:

	2002	2001
5.46% unsecured note payable, maturing March 24, 2020	$ 117,955,000	$ 127,896,000
6.05% unsecured note payable, maturing June 1, 2022	16,000,000	-
Demand loan, due September 23, 2007	7,684,000	-
Total long-term debt	141,639,000	127,896,000
Current portion of long-term debt	18,629,881	9,941,000
	$ 123,009,119	$ 117,955,000

On March 24, 1998, the Corporation entered into an agreement with the MFA to borrow up to a maximum of $170 million. As of December 31, 2002, the full amount of this facility has been drawn, in three separate loan amounts:

(a) The 5.46% unsecured note payable has an initial ten-year term with interest at 5.46% per annum and a further twelve-year term at floating rates. Incorporated into the loan agreement is a swap element that takes effect on March 24, 2008, the end of the initial term, at which point the Corporation will (dependent upon interest rates at this date) pay or receive an interest differential for the second term, thereby fixing the rate at 6.47% per annum.

The Corporation and the MFA are renegotiating the repayment terms relating to the bor-

rowing of the 5.46% unsecured note payable under the original 1998 financing agreement. The MFA has indicated it will not seek repayment in 2003 of the scheduled payment amount of $10,462,000. A debt restructuring agreement is expected to be put in place subsequent to the Corporation's June 2003 board meeting. However, as revised terms are not yet legally in place, the scheduled payment for 2003 has been presented as a current liability as at December 31, 2002.

(b) The $16,000,000, 6.05% unsecured note payable was obtained on April 9, 2002. This portion of the loan has a term of 20 years with a final payment date of June 1, 2022 and is at varying rates of interest (averaging 6.05% during the year), with interest calculated semi-annually each year of the loan.

(c) On September 23, 2002, the Corporation obtained an additional $7,684,000 of financing through the MFA as the final draw of the $170 million loan approved in 1998. This portion of the loan is set up as a temporary borrowing with interest at variable rates (averaging 3.25% during the year) accruing daily and paid quarterly. This loan does not have a structured principal repayment plan, but repayment of this loan can be made on or before September 23, 2007. Principal repayments before this date are not specifically required. Since this loan has a demand feature, it has been presented as a current liability as at December 31, 2002. However, the MFA does not anticipate having to exercise this option. At the end of the 5-year term (or anytime prior) the outstanding principal can be converted to long-term debenture debt based on the terms provided for in the Borrowing Resolution adopted by the Corporation on March 16, 1998.

The repayment requirements under the existing borrowing agreements for long-term debt of the Corporation during the next five years and thereafter are as follows:

2003	$ 18,629,881
2004	11,532,075
2005	12,149,479
2006	12,813,153
2007	13,514,160
Thereafter	73,000,252
	141,639,000
Current portion	18,629,881
	$123,009,119

11. Share capital:

(a) Authorized:

350 Class A common voting shares without par value. Following project completion, Class A shareholders are obligated to share in funding both the on-going operations and any additional costs relating to capital assets (in accordance with a cost-sharing formula). Upon a member acquiring a Class A share, that member shall have agreed to use the Corporation's wide area radio system network to which the Class A share relates.

150 Class B common restricted voting shares without par value. Following project completion, Class B shareholders can elect to become Class A shareholders on the condition that the member agrees to use the Corporation's wide area radio system network. Class B shareholders are not obligated to share in funding the on-going operating costs.

(b) Issued:

	2002	2001
14 Class A common voting shares (2001 - 13)	$ 140	$ 130
33 Class B common restricted voting shares	330	330
	$ 470	$ 460

In February, 2002 the New Westminster Police was issued one (1) Class A common voting share.

(c) RCMP Special User Agreement:
Due to existing Federal restrictions, the RCMP cannot become a shareholder in the Corporation. Consequently, a Special User Agreement has been executed such that the RCMP has the right to participate in the E-Comm project on the same terms and conditions as the class A shareholders, including the obligation to fund both the on-going operating costs and any additional costs relating to capital assets (in accordance with a cost-sharing formula).

12. Related party transactions:
Included in accounts receivable is an amount of $363,440 due from TCM and included in accounts payable and amount of $14,872 due to TCM. During the year, the Corporation received an administrative fee of $533,190 from TCM.

13. Commitments:
The Corporation has commitments under contracts for the purchase and construction of capital assets. Portions of such contracts not completed at year-end are not reflected in the financial statements. Costs committed but not yet incurred amount to approximately $2,091,000 at December 31, 2002.

The Corporation has also entered into leases of land for radio tower sites. These leases expire in future years from 2003 to 2011 and are renewable at the option of the Corporation. Future minimum payments under these leases, excluding option periods, are approximately as follows:

Year ending December 31:	
2003	$ 434,530
2004	424,764
2005	343,454
2006	253,680
2007	222,950
Thereafter	539,670
	$ 2,219,048

14. Contingencies:
As at December 31, 2002, there were various legal claims pending against the Corporation arising in the ordinary course of its operations. The Corporation has made provision for certain claims, based on the best estimate of the loss to be incurred, but has made no specific provision for those where the outcome is presently undeterminable. Management does not anticipate claims for which no provision has been made to result in material loss to the Corporation.

Waterfront Police
2002-2003
NUAL REPOR
HOWE ST
ROBSON ST
BURRARD ST
HELPING TO SAVE LIVES
AND PROTECT PROPERTY
E Comm

Waterfront_Police
2002-2003
ANNUAL REPORT
HELPING TO SAVE LIVES
AND PROTECT PROPERTY
E-Comm 9-1-1

Financial Statements of

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Years ended December 31, 2003 and 2002

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheet of E-Comm Emergency Communications for Southwest British Columbia Incorporated as at December 31, 2003 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Vancouver, Canada

March 16, 2004

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Balance Sheets

December 31, 2003 and 2002

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	$ 5,715,957	$ 4,175,476
Accounts receivable - net of allowance for doubtful accounts of $502,210 (2002 - $262,203)	2,997,262	3,439,026
Accrued interest receivable	14,121	654
Prepaid expenses	710,949	328,677
	9,438,289	7,943,833
Investment in TCM Telecare Management Inc. (note 4)	1	1
Investment in PRIME Corp (note 4)	1	-
Debt reserve fund (note 5)	1,862,754	1,713,381
Deferred financing costs	1,633,362	1,672,672
Deferred development costs (note 6)	11,276,422	12,254,500
Long-term portion of prepaid land lease	2,348,485	2,373,737
Long-term portion of prepaid expenses	92,250	99,602
Property, plant and equipment (note 7)	117,092,984	119,346,401
	$ 143,744,548	$ 145,404,127
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,301,655	$ 5,043,485
Accrued interest payable	2,192,691	1,850,217
Current portion of long-term debt (note 9)	12,740,459	18,629,881
	19,234,805	25,523,583
Deferred revenue and other (note 8)	2,512,413	2,252,610
Long-term debt (note 9)	133,414,660	123,009,119
Shareholders' deficiency:		
Share capital (note 10)	470	470
Deficit	(11,417,800)	(5,381,655)
	(11,417,330)	(5,381,185)
	$ 143,744,548	$ 145,404,127

Future operations (note 2)
Related party transactions (note 11)
Commitments (note 12)
Contingencies (note 13)
Subsequent event (note 14)

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Statements of Operations and Deficit

Years ended December 31, 2003 and 2002 (Note 3)

	2003	2002
Revenue:		
Radio levies	$ 17,802,539	$ 11,486,362
CAD levies	491,160	-
Consolidated dispatch levies	11,750,422	6,317,835
9-1-1 call taking levies	2,300,004	1,762,499
Alarm monitoring fees	-	51,063
Records management system	740,700	528,044
Tenant recoveries and rental	454,389	357,224
Miscellaneous revenue	1,764,593	862,679
	35,303,807	21,365,706
Direct operating expenses:		
Salaries and benefits	17,481,464	11,129,901
Maintenance and technology	2,779,780	2,192,794
Premises	1,106,596	725,558
Office supplies and communication	510,451	463,297
Employee related	423,341	376,420
Professional fees	306,087	256,234
Net GST	(810)	114,486
Other	421,117	219,215
	23,028,026	15,477,905
Other expenses:		
Amortization	11,006,555	6,299,770
Interest expense	7,305,371	4,969,686
Total expenses	41,339,952	26,747,361
Loss for the year	6,036,145	5,381,655
Deficit, beginning of the year	5,381,655	-
Deficit, end of the year	$ 11,417,800	$ 5,381,655

See accompanying notes to financial statements.

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Statements of Cash Flows

Years ended December 31, 2003 and 2002

	2003	2002
Cash provided by (used in):		
Operations:		
Loss for the year	$ (6,036,145)	$ (5,381,655)
Items not involving cash:		
Amortization	11,006,554	6,299,770
Amortization of deferred financing costs	96,940	94,731
Interest earned on debt reserve fund	(72,533)	(98,472)
Changes in non-cash operating working capital:		
Accounts receivable and accrued interest receivable	428,297	2,659,858
Prepaid expenses and land lease	(349,668)	(61,481)
Deferred development costs	-	(1,791,197)
Accounts payable and accrued liabilities	(399,356)	(3,397,366)
Deferred revenue and other	259,803	901,613
	4,933,892	(774,199)
Investments:		
Investment in PRIME Corp	(1)	-
Debt reserve fund contribution	(76,840)	(160,000)
Debt reserve fund repayment	-	124,585
Acquisition and construction of property, plant and equipment	(7,775,059)	(16,904,002)
	(7,851,900)	(16,939,417)
Financing:		
Issue of share capital	-	10
Financing costs	(57,630)	(120,005)
Proceeds from issuance of debt	5,000,000	23,684,000
Repayment of long-term debt	(483,881)	(9,941,000)
	4,458,489	13,623,005
Increase (decrease) in cash	1,540,481	(4,090,611)
Cash, beginning of year	4,175,476	8,266,087
Cash, end of year	$ 5,715,957	$ 4,175,476
Supplementary cash flow information:		
Interest paid	$ 7,374,928	$ 7,388,742

See accompanying notes to financial statements.

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Notes to Financial Statements

Years ended December 31, 2003 and 2002

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1. Operations:

E-Comm Emergency Communications for Southwest British Columbia Incorporated (the "Corporation" or "E-Comm") was incorporated September 22, 1997 under the Company Act (British Columbia). Prior to April 1, 2002, the Corporation was in the development stage. Effective April 1, 2002, the Corporation commenced principal operations. Effective July 1, 2003, the Corporation commenced operations of the PRC Computer Aided Dispatch System ("CAD"). Activities to date have included construction of a building to house the Corporation's administration and 9-1-1 call taking and dispatch centre, development of a radio infrastructure, dispatch and police records management software systems and 9-1-1 / call taking / dispatch systems.

The Corporation provides centralized emergency communications, disaster coordination and related public safety and public service to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout southwest British Columbia. Primary services are provided to shareholder members of the Corporation pursuant to the Members' Agreement, and to the Royal Canadian Mounted Police ("RCMP") pursuant to a Special User Agreement with the Corporation.

The Corporation is exempt from tax under the Income Tax Act.

2. Future operations:

These financial statements are prepared on a going concern basis, which assumes the Corporation will be able to realize assets and discharge liabilities in the normal course of operations. The long-term financial and operating viability of the Corporation is dependent on its ability to secure subscribers to generate revenue adequate to fund continuing operations. The financial statements do not reflect adjustments that may be necessary if the continued use of the going concern assumption is not appropriate.

3. Significant accounting policies:

(a) Basis of presentation:

The Corporation's 100% investment in TCM Telecare Management Inc. ("TCM") and PRIME Corp Police Records Information Management Environment Incorporated ("PRIME Corp"), are recorded at cost. The accounts of TCM and PRIME Corp are not consolidated with those of the Corporation as E-Comm does not control either TCM's or PRIME Corp's operations.

3. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cash held in banks and term deposits maturing within ninety days from the date of acquisition, net of bank overdrafts.

(c) Financial instruments:

The carrying values of cash and term deposits, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Other financial instruments of a longer-term nature are impacted by changes in market yields which can result in differences between their carrying value and their market value. Management estimates that these differences are not material to the financial statements. The Corporation is subject to interest rate risk on certain components of its long-term debt. Management does not believe there to be a significant credit risk exposure relating to its accounts receivable.

(d) Financing costs:

Financing costs incurred for the issuance of debt have been deferred and are being amortized over the term of the debt.

(e) Development costs:

Development costs including salaries and other operating costs are being deferred through the pre-operating phase of the Corporation. These costs are being amortized over a 12.5 year period, approximating the period of their recovery, commencing April 1, 2002.

(f) Prepaid land lease:

The land on which the E-Comm building is located has been leased from the City of Vancouver for a period of 99 years. The prepaid amount is being amortized over the term of the lease.

(g) Property, plant and equipment:

Property, plant and equipment are stated at cost less related government assistance, net of accumulated amortization. Interest costs directly attributable to major projects are capitalized and, at project completion, are amortized over the estimated life of the underlying assets.

Amortization begins when assets are put into use and is povided for on a straight-line basis over the estimated useful lives of assets as follows:

3. Significant accounting policies (continued):

(g) Property, plant and equipment (continued):

Assets	Rate
Building	40.0 years
Building equipment	10.0 years to 25.0 years
Furniture, fixtures and equipment	3.0 years to 10.0 years
Radio	7.5 years to 25.0 years
Computer aided dispatch ("CAD")	10.5 years
Dispatch consoles and voice systems	5.0 years to 12.5 years
Remote dispatch	7.0 years to 10.5 years
Records management system	10.5 years
User equipment	7.5 years to 12.5 years

(h) Related party transactions:

Transactions with related parties are in the normal course of operations, and are recorded at the agreed upon exchange amount. Contractual arrangements and service agreements with related parties are subject to the Corporation's tendering and proposal processes.

(i) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of management estimates relate to the allowance for doubtful accounts, the useful lives of capital assets and deferred costs for amortization, and impairment of assets.

(j) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

The comparative figures for the statements of operations relate to the period April 1, 2002, when the Corporation commenced principal operations.

4. Investment in TCM Telecare Management Inc. and PRIME Corp:

In February 2001, E-Comm established a wholly owned company, TCM Telecare Management Inc. ("TCM"), to provide telephone call centre triage and self-care support services to residents of British Columbia. Known as "BC HealthGuide NurseLine", the initiative is funded, and the operations are controlled, by the Province of British Columbia Ministry of Health under the "BC HealthGuide" program. The service started April 2001 and is staffed by registered nurses on a 24-hour, 365 days per year basis.

In March 2003, E-Comm established a wholly owned company, PRIME Corp Police Records Information Management Environment Incorporated ("PRIME Corp") to roll out the Versaterm records management system throughout British Columbia. The initiative and operations are funded and controlled by the Province of British Columbia, Minister of Public Safety and Solicitor General.

5. Debt reserve fund:

E-Comm is required to maintain 1% of the borrowings outstanding through the Municipal Finance Authority of British Columbia ("MFA") in a debt reserve fund administered by the MFA. This amount was paid out of the original debt proceeds and is presented together with interest earned on the reserve fund investments. Demand notes in the aggregate amount of $7,917,700 (2002 - $7,694,893) are also provided by E-Comm to the MFA.

If at any time, E-Comm does not have sufficient funds to meet payment or contributions due on its obligations, the payments shall be made from the debt reserve fund. The demand notes payable by E-Comm are callable only if there are additional requirements to be met to maintain the debt reserve fund at a specified level. As management considers payment of the demand notes to be unlikely, no amount for the demand notes has been recorded in the financial statements. The amounts due to E-Comm from the debt reserve fund are repaid to E-Comm when the installments under the respective loan agreements have been made during the year. No debt installment payments were made during the year (2002 - $124,585). An additional $76,840 was paid into the debt reserve fund for debt incurred in the current year. Interest earned on the debt reserve fund amounts to $72,533 (2002 - $98,472).

6. Deferred development costs:

The balance of deferred development costs consists of the following cumulative amounts:

	2003	2002
Radio operating	$ 5,525,643	$ 5,525,643
Dispatch expenses	28,977,431	28,977,431
Finance and administration	16,215,382	16,215,382
Amortization	5,695,724	5,695,724
Interest expense	5,150,043	5,150,043
Dispatch training	523,657	523,657
Radio operating levies	(18,052,423)	(18,052,423)
Dispatch levies and fees	(27,993,528)	(27,993,528)
Tenant and other recoveries	(2,966,350)	(2,966,350)
	13,075,579	13,075,579
Accumulated amortization	1,799,157	821,079
	$ 11,276,422	$ 12,254,500

7. Property, plant and equipment:

2003	Cost	Accumulated amortization	Net book value
Building	$ 8,990,204	$ 1,140,727	$ 7,849,477
Furniture, fixtures and building equipment	5,593,622	1,870,012	3,723,610
Radio	65,689,080	6,900,590	58,788,490
Wireless equipment	469,279	50,056	419,223
Remote dispatch	2,546,583	380,786	2,165,797
Dispatch consoles and voice systems	4,903,873	998,646	3,905,227
CAD	13,937,374	616,960	13,320,414
User equipment	31,378,137	7,739,984	23,638,153
Records management system	4,362,496	1,079,903	3,282,593
	$ 137,870,648	$ 20,777,664	$ 117,092,984

2002	Cost	Accumulated amortization	Net book value
Building	$ 8,990,204	$ 895,665	$ 8,094,539
Furniture, fixtures and building equipment	4,783,882	1,179,520	3,604,362
Radio	64,274,000	2,557,886	61,716,114
Wireless equipment	469,279	12,515	456,764
Remote dispatch	2,181,560	138,523	2,043,037
Dispatch consoles and voice systems	5,071,238	545,498	4,525,740
CAD	13,220,482	-	13,220,482
User equipment	26,764,520	4,791,273	21,973,247

Records management system	4,365,676	653,560	3,712,116
	$ 130,120,841	$ 10,774,440	$ 119,346,401

7. Property, plant and equipment (continued):

Interest capitalized to CAD during the year amounts to $321,157 (2002 - $1,547,311). Amortization charged in the pre-operating phase is included in deferred development costs.

The radio and remote dispatch assets were put in use on April 1, 2002, and the CAD system was put into full use on July 1, 2003.

8. Deferred revenue and other:

Deferred revenue and other consists of the following:

(a) Radio system levies from member agencies consisting of prepayments of user equipment capital costs. These amounts will be recognized as revenue over the useful lives of the related capital assets.

(b) Grants received by the Corporation from senior governments assist in funding certain development costs of the PRIME records management system ("RMS"). These grants are reflected as deferred revenue and are offset against the cost of the RMS development upon the completion of the system component to which the grants relate. As at December 31, 2003 grants aggregating $32,387 (2002 - $117,000) are deferred pending system completion.

(c) A grant of $7,140 (2002 - $84,000) was advanced to the corporation from the Vancouver Police for secure ID tokens.

(d) Unrecognized contracted services fee of $112,500 (2002 - nil) have been received as an advance for PRIME Corp operating costs (note 4) (January, 2004 to March, 2004).

(e) The Corporation received funding from the RCMP to be used towards the consolidation of the RCMP CIID's platform. At the year end, $516,620 of this funding (included within cash and cash equivalents) remains to be spent on the CIID's platform.

9. Long-term debt:

	2003	2002
5.46% unsecured note payable, maturing March 24, 2021(a)		
Original balance	$ 107,493,000	$ 117,955,000
Incremental principal balance	10,462,000	-
6.05% unsecured note payable, maturing June 1, 2022 (b)	15,516,119	16,000,000
4.775% unsecured note payable, maturing October 3, 2023 (c)	7,684,000	7,684,000
Demand promissory note, due December 12, 2008 (d)	5,000,000	-
Total long-term debt	146,155,119	141,639,000
Current portion of long-term debt	12,740,459	18,629,881
	$ 133,414,660	$ 123,009,119

9. Long-term debt (continued):

On March 24, 1998, the Corporation entered into an agreement with the MFA to borrow up to a maximum of $170 million.

(a) On March 24, 1998, E-Comm obtained $146,316,000 of debenture financing through the MFA. The loan is unsecured and has an initial ten year term with interest at 5.46% per annum and a further twelve year term at 6.47% per annum.

A debt restructuring proposal was presented and approved by the Board of Directors at the December 3, 2003 meeting. The MFA has agreed to a revised repayment schedule to March 24, 2021, to better align the timing of E-Comm's cash flows and operating needs, with a provision for refinancing at March 24, 2008. The balance of the debt under the original repayment schedule continues to be subject to the original fixed interest rate of 5.46%. The incremental principal balance resulting from the revised repayment schedule is subject until March 24, 2008 to the MFA's Interim Financing Program at a floating rate of approximately prime less 1.25% compounded monthly. Principal repayment amounts will vary from year to year in accordance with the revised payment schedule. Nominal cash payments for interest will be based on the fixed rate of 5.46% applied to the entire outstanding balance of the debt. Any cumulative difference between cash payments for interest and actual interest costs calculated as above will be recorded as an asset or liability of the Corporation depending on the floating rate. On March 24, 2008 the expected incremental principal balance amount of $36,186,000, adjusted for any deficiency or excess of actual interest cost over cash payments for interest, and any refinancing charges, will be subject to refinancing from March, 2008 to 2021 at the then market interest rate. The refinanced interest rate will then be a blend of the fixed rate of 6.47% on the originally scheduled March 24, 2008 balance of $54,769,000 and the market interest rate on the incremental principal balance amount.

(b) On April 9, 2002, E-Comm obtained an additional $16 million of financing through the MFA as a further drawdown to the $170 million. This loan has a term of 20 years with annual blended principal and interest payments of $1,453,481 and a final payment date of June 1, 2022 and bears interest at a rate of 6.06% with interest calculated and paid semi-annually each year of the loan.

(c) On September 23, 2002, E-Comm obtained an additional $7,684,000 of financing through the MFA as the final drawdown to the $170 million. The loan was originally established as a temporary borrowing, with interest accrued daily and paid quarterly, and was converted to long-term debenture debt on October 3, 2003. This loan has a term of 20 years with annual blended principal and interest payments of $599,295 and a final payment date of October 3, 2023 and bears interest at a rate of 4.775% with interest calculated and paid semi-annually each year of the loan. The first interest payment will be on April 3, 2004.

9. Long-term debt (continued):

(d) On December 12, 2003, EComm obtained an additional $5 million of financing through the MFA, under a December 3, 2003 board resolution that authorized the Company to re-borrow up to $28,361,000 that has been paid back by the Company to the MFA on the original loan of $146,316,000. This loan has been established as a temporary borrowing with interest at the Bank of Montreal 30-day Bankers Acceptance Rate accrued daily and paid quarterly. This loan is due on demand with no structured principal repayment plan, and is therefore classified as a current liability.

The repayment requirements under the existing borrowing agreements for long-term debt of the Corporation during the next five years and thereafter are as follows:

Year ending December 31:	
2004	$ 12,740,459
2005	7,777,482
2006	6,816,357
2007	6,857,174
2008	6,400,033
Thereafter	105,563,614
Total long-term debt	$ 146,155,119

10. Share capital:

(a) Authorized:

350 Class A common voting shares without par value. Following project completion, Class A shareholders are obligated to share in funding both the on-going operations and any additional costs relating to capital assets (in accordance with a cost-sharing formula). Upon a member acquiring a Class A share, that member shall have agreed to use the Corporation's wide area radio system network to which the Class A share relates.

150 Class B common restricted voting shares without par value. Following project completion, Class B shareholders can elect to become Class A shareholders on the condition that the member agrees to use the Corporation's wide area radio system network. Class B shareholders are not obligated to share in funding the on-going operating costs.

10. Share capital (continued):

(b) Issued:

	2003	2002
19 Class A common voting shares (2002 - 14)	$ 190	$ 140
28 Class B common restricted voting shares (2002 - 33)	280	330
	$ 470	$ 470

In June 2003, City of Surrey Fire, City of Surrey RCMP, and White Rock Fire each converted one (1) Class B restricted voting shares to one (1) Class A common voting shares.

In August 2003, Delta Police and Delta Fire each converted one (1) Class B restricted voting shares to one (1) Class A common voting shares.

(c) RCMP Special User Agreement:

Due to existing Federal restrictions, the RCMP cannot become a shareholder in the Corporation. Consequently, a Special User Agreement has been executed such that the RCMP has the right to participate in the E-Comm project on the same terms and conditions as the class A shareholders, including the obligation to fund both the on-going operating costs and any additional costs relating to capital assets (in accordance with a cost-sharing formula).

11. Related party transactions:

Included in accounts receivable is an amount of $264,288 due from TCM. During the year, the Corporation received an administrative fee of $856,278 from TCM. Included in accounts receivable is an amount of $8,241 due from PRIME Corp. The corporation received $450,000 from PRIME Corp as an advance on contracted services fees of which $337,500 was recognized as revenue during the year and $112,500 is included in deferred revenue.

During the year, $28,840 was paid to DJE Holdings Ltd., a company owned by an independent member of the Board of Directors, for GRID/Service Excellence training.

12. Commitments:

The Corporation has entered into leases of land for radio tower sites. These leases expire in future years from 2004 to 2066 and are renewable at the option of the Corporation. Future minimum payments under these leases, excluding option periods, are approximately as follows:

Year ending December 31:	
2004	$ 423,856
2005	296,591
2006	206,000
2007	174,853
2008	174,853
Thereafter	348,778
	$ 1,624,931

13. Contingencies:

As at December 31, 2003, there were various legal claims pending against the Corporation arising in the ordinary course of its operations. The Corporation has made provision for certain claims, based on the best estimate of the loss to be incurred, but has made no specific provision for those where the outcome is presently undeterminable. Management does not anticipate claims for which no provision has been made to result in material loss to the Corporation.

Uncertainty exists with respect to which agencies (Police, Fire, and Ambulance) will ultimately remain on the PRC CAD System and whether E-Comm is to continue on with the PRC CAD System. Should all or any of the agencies originally committed to using the PRC CAD System choose not to use this system, ultimate recoverability of the assets may result in an impairment loss being recorded. Until a recommendation is made by the CAD User Group, a sub-committee of the Board of Directors of the Corporation, as to the future of the PRC CAD System, it is not possible to determine the amount of any loss associated with the impairment of the asset.

14. Subsequent event:

Subsequent to the year end, E-Comm received a one-time Provincial Sales Tax ("PST") rebate of $2,854,037 from the Province of British Columbia, Consumer Taxation Branch relating to PST paid for capital expenditures from 1998 to 2002 to the extent that the expenditures related to RCMP activities and the RCMP would not have been subject to PST had it made the expenditures directly. As eventual receipt of the rebate was not determinable at December 31, 2003, the amount will be recorded in the financial statements in the year ending December 31, 2004.